

# Investment Programs and Sales Expectations for 1973

**B**USINESSMEN expect to spend \$100.6 billion for new plant and equipment in 1973, 13.8 percent more than in 1972, according to the survey conducted in late January and February by the Bureau of Economic Analysis. Actual increases were 8.9 percent in 1972 and 1.9 percent in 1971<sup>1</sup> (table 1).

Capital expenditures in the fourth quarter of 1972 were at a seasonally adjusted annual rate of \$91.9 billion, 5 percent above the third quarter. Outlays are expected to rise 5¼ percent in the first quarter of 1973 to an annual rate of \$96.7 billion, and 3½ percent in the second quarter to a rate of \$100.1 billion. Outlays are projected to average \$102.6 billion in the second half of the year, up 2½ percent from the second quarter rate. If the quarterly expansion is smooth in the second half, this suggests an average rise of 1½ percent for the third and fourth quarters.

The 1973 expansion of capital spending programs is accompanied by widespread expectations of sales advances. The sales increases expected for this year are larger than those expected for 1972 in the survey taken a year ago, but they are somewhat smaller than the advances actually achieved in 1972 (table 2). Manufacturers' sales are expected to rise 9½ percent in 1973, compared with a 12 percent advance in 1972. Durable goods producers look for an 11 percent rise this year compared with an actual increase of 14 percent in 1972. Nondurables producers expect an 8 percent rise in 1973 compared with 10 percent last year. Trade firms expect sales to rise 7½ percent this year following a gain of 10½ percent in 1972, and public utility firms expect a rise of 9½ percent this year compared with 11 percent in 1972.

1. The expectations figures have been adjusted for systematic biases (footnote 2, table 9). Before such adjustment, 1973 expenditures were expected to be \$100.13 billion for all industries, \$38.67 billion for manufacturing and \$61.47 billion for nonmanufacturing. The adjustments were applied separately to each major industry; their net effect was to lower the manufacturing total by \$1.66 billion and raise the non-manufacturing total by \$2.14 billion.

## Realization of 1972 programs

In the successive quarterly surveys of 1972 investment programs, businessmen generally revised their spending projections downward. The largest revisions occurred relative to the one-quarter-ahead projections for the sec-

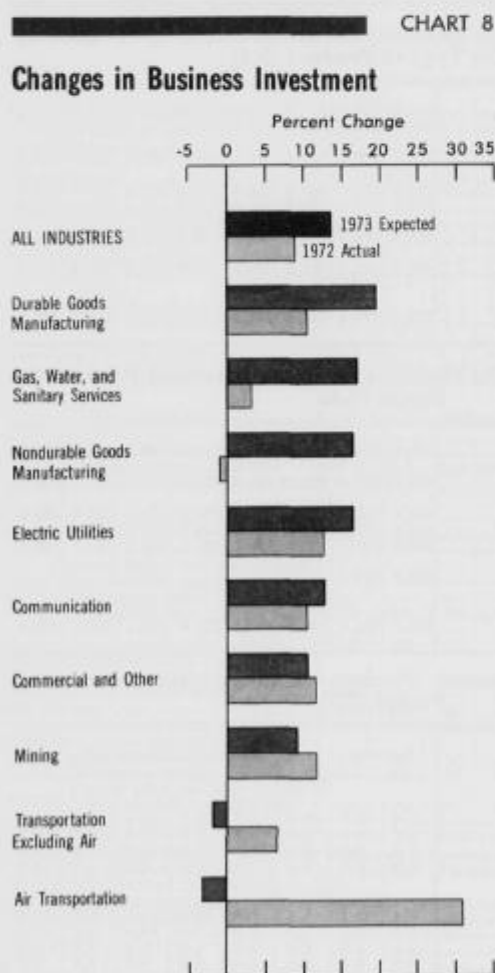
**Table 1.—Plant and Equipment Expenditures, Annual Percent Changes 1971-73**

	1971	1972		1973
	Actual	Expected <sup>1</sup>	Actual	Expected
<b>All industries.....</b>	<b>1.9</b>	<b>10.5</b>	<b>8.9</b>	<b>13.8</b>
<b>Manufacturing<sup>2</sup>.....</b>	<b>-6.1</b>	<b>8.7</b>	<b>4.5</b>	<b>18.0</b>
Durable goods <sup>2</sup> .....	-10.4	13.8	10.5	19.6
Primary metals <sup>2</sup> .....	-14.1	4.8	-1.1	24.0
Blast furnace, steel works.....	-18.1	-9.4	-9.4	10.8
Nonferrous.....	-12.8	18.9	10.0	38.6
Electrical machinery.....	-5.8	4.1	11.7	14.4
Machinery, except electrical.....	-10.2	13.0	3.3	12.4
Transportation equipment <sup>2</sup> .....	-12.1	16.6	18.5	18.4
Motor vehicles.....	-4.8	18.6	20.7	19.2
Aircraft.....	-28.9	11.7	12.2	22.0
Stone, clay, and glass.....	-14.2	36.4	41.9	14.2
Other durables <sup>2</sup> .....	1.2	20.3	12.2	27.5
<b>Nondurable goods<sup>2</sup>.....</b>	<b>-1.9</b>	<b>4.2</b>	<b>-7</b>	<b>16.5</b>
Food including beverage.....	-5.3	8.5	-5.1	18.3
Textile.....	9.8	1.0	18.6	-6.0
Paper.....	-24.3	14.1	.5	25.1
Chemical.....	.1	-1	.3	20.3
Petroleum.....	4.2	-6	-10.3	10.3
Rubber.....	-9.8	15.1	28.2	37.5
Other nondurables <sup>2</sup> .....	3.6	14.7	11.0	13.8
<b>Nonmanufacturing.....</b>	<b>7.2</b>	<b>11.6</b>	<b>11.5</b>	<b>11.4</b>
Mining.....	14.6	1.4	11.6	9.2
Railroad.....	-6.0	4.8	7.5	-6.8
Air transportation.....	38.0	28.4	30.8	-3.1
Other transportation.....	12.9	11.8	5.1	4.5
Public utilities.....	16.4	14.0	11.1	16.6
Electric.....	20.7	13.4	12.6	16.5
Gas and other.....	-2.0	17.1	3.2	17.1
Communication.....	6.6	14.2	10.4	12.8
Commercial and other.....	8.8	8.1	11.2	10.4

1. Expectations for 1972 are based on the survey conducted in late January and February 1972.

2. Includes industries not shown separately.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



ond and third quarters of the year; in these quarters, actual spending was lower than expectations by 4 and 3 percent, respectively.

The actual spending increase of 9 percent for the full year 1972 compared with an expectation early last year of 10½ percent. The downward revision

occurred in manufacturing; as a group, nonmanufacturing industries held to their initial expectation.

The pattern of revisions in manufacturing was mixed. The rubber, textile, electrical machinery, transportation, and stone-clay-glass industries spent more last year than they had projected in the February 1972 survey. These upward revisions were more than offset by cutbacks for the nonelectrical machinery, food-beverage, paper, petroleum, and "other durables" industries.

Among the nonmanufacturing industries, sizable downward revisions by "other transportation," gas utility, and communications firms were offset by higher-than-expected outlays by mining, railroad, air transportation, and commercial firms.

### Manufacturing programs

Capital spending in manufacturing increased 8.6 percent from the third quarter of 1972 to the fourth. This was larger than the increase expected at the time of the November survey—6.4 percent—and was the first strong quarter-to-quarter advance for manufacturing since the third quarter of 1969 when outlays rose 6.1 percent. Both durable and nondurable goods industries contributed to the fourth quarter surge in outlays.

The pervasiveness of the fourth quarter expansion in manufacturing outlays is evident from table 3. Outlays reported by each company in the survey sample in each quarter of 1972 were

Table 2.—Business Sales, Annual Percent Changes 1971-73

	1971		1972		1973
	Actual	Expected	Actual	Expected	
<b>Manufacturing industries<sup>1</sup></b>	6.4	8.8	12.2	9.4	
Durable goods <sup>1</sup>	7.5	9.3	14.1	10.8	
Primary metals	5.0	10.5	13.9	9.6	
Electrical machinery	6.0	9.9	14.4	9.6	
Machinery, except electrical	6.0	10.3	14.1	12.6	
Transportation equipment	11.5	5.6	13.2	11.6	
Stone, clay, and glass	18.3	6.7	23.0	6.2	
Nondurable goods <sup>1</sup>	5.1	8.3	10.0	7.8	
Food, including beverage	5.6	6.6	10.3	6.2	
Textile	12.8	10.9	14.7	9.8	
Paper	4.1	8.0	12.1	8.1	
Chemical	5.9	8.9	9.8	8.9	
Petroleum	5.1	7.7	9.5	6.2	
Rubber	8.0	10.1	9.8	12.0	
<b>Trade</b>	8.6	6.5	10.4	7.4	
Wholesale	8.4	6.9	11.5	7.6	
Retail	8.8	6.2	9.6	7.2	
<b>Public utilities</b>	11.2	10.5	11.0	9.5	

1. Includes industries not shown separately.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 3.—Percentage of Sample Firms in Manufacturing Reporting Change in Plant and Equipment Expenditures From Year-Earlier Quarter: Four Quarters of 1972

	Percentage of firms increasing expenditures <sup>1</sup>				Percentage of firms decreasing expenditures <sup>1</sup>			
	I	II	III	IV	I	II	III	IV
<b>Manufacturing</b>	49	51	54	58	44	42	39	37
Durable goods	50	54	56	60	43	39	37	35
Primary metals	48	47	54	58	45	51	43	39
Blast furnace, steel works	50	49	68	58	50	49	39	40
Nonferrous	49	36	39	49	44	62	57	47
Electrical machinery	55	59	59	62	38	36	33	32
Machinery, except electrical	38	50	54	60	53	41	41	33
Transportation equipment	46	56	56	67	47	36	34	31
Motor vehicles	47	67	69	75	49	31	26	25
Aircraft	29	38	49	62	62	51	35	34
Stone, clay, and glass	58	65	60	63	37	30	36	34
Other durables	54	53	56	57	38	38	36	36
Nondurable goods	47	48	50	54	46	46	43	40
Food, including beverage	50	44	51	52	45	48	45	44
Textile	59	50	44	50	35	40	40	42
Paper	37	35	45	56	60	40	52	44
Chemical	44	45	52	62	49	49	42	31
Petroleum	39	40	38	36	59	60	60	61
Rubber	54	55	62	64	44	43	34	36
Other nondurables	45	49	52	52	44	44	39	36

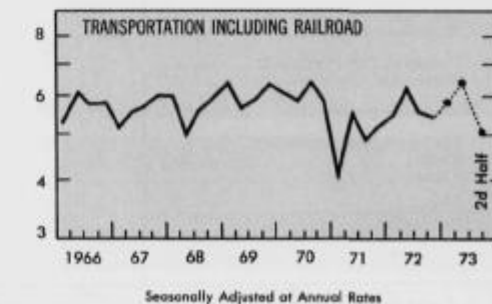
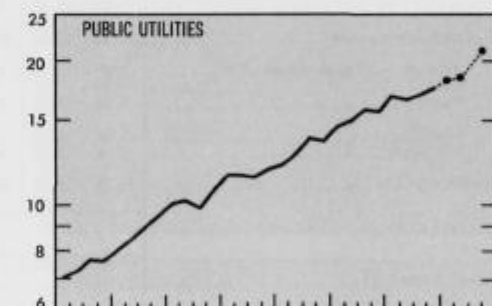
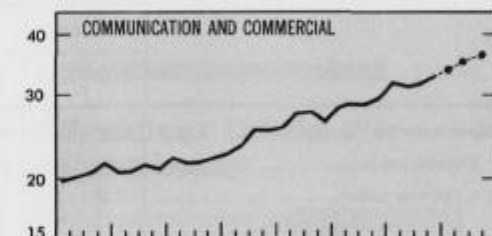
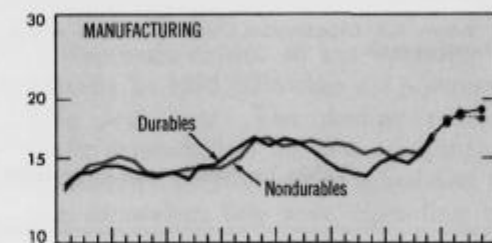
1. The percentages shown do not add to 100 since the companies reporting no change in expenditures are not shown.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

CHART 9

### Plant and Equipment Expenditures

Billion \$ (Ratio scale)



Seasonally Adjusted at Annual Rates

• Expectations

U.S. Department of Commerce, Bureau of Economic Analysis

73-39

**Table 4.—Petroleum Industry Expenditures for New Plant and Equipment by Function, Actual and Expected 1971-73**

	Actual		Ex- pected 1973 <sup>1</sup>	Per- cent change 1972- 73
	1971	1972		
	Billions of dollars			
Total.....	5.85	5.26	5.79	10.3
Production.....	2.24	2.23	2.54	13.9
Transportation.....	.08	.26	.24	-10.3
Refining and petrochemicals.....	1.82	1.18	1.37	16.2
Marketing.....	1.03	.90	1.02	6.2
Other.....	.57	.69	.63	1.4

1. The reported figures for expenditures are adjusted for systematic biases when necessary; adjustments are applied separately to expenditures for each function. Before adjustment expenditures for 1972 were expected to be \$6.17 billion; the net effect of the adjustment was to lower the total by \$0.36 billion.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

matched with the outlays reported in the comparable year-earlier quarter. In the fourth quarter, 58 percent of the companies reported over-the-year increases in expenditures compared with 54 percent in the third quarter; in the initial quarter of 1972, only 49 percent of the sample firms reported over-the-year increases in expenditures.

Investment by manufacturing industries for the full year 1973 is expected to total \$37.0 billion, 18 percent more than last year. Durable goods producers are scheduling a 20 percent advance and nondurable goods companies expect a 16 percent gain. All major manufacturing industry groups except textiles expect investment to be higher in 1973 than last year. The largest expected percentage gains are in

the nonferrous metal, rubber, and paper industries. The chemical and petroleum industries, which together account for more than half of investment spending by nondurables producers, also expect large gains this year, following little change in 1972 and 1971. The projected advance in petroleum outlays this year is centered in production and refining activities (table 4).

The 1973 investment advance in manufacturing is concentrated in the first half of the year. Manufacturers expect a 13-percent gain from the second half of 1972 to the first half of 1973 with roughly the same rise for durables and nondurables separately. In the second half of 1973, manufacturers expect outlays to be up 2½ per-

**Table 5.—Starts and Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities, 1970-72**

(Billions of dollars)

	Start <sup>1</sup>											Carryover <sup>2</sup>							
	Annual			1971				1972				1971				1972			
	1970	1971	1972	I	II	III	IV	I	II	III	IV	March	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Manufacturing <sup>3</sup>	29.18	28.80	35.35	6.91	6.48	6.79	7.22	7.87	8.31	8.88	10.16	19.70	18.64	18.12	17.68	18.78	19.44	20.58	21.36
Durable goods <sup>3</sup>	14.84	13.59	17.07	3.40	2.90	3.24	4.06	3.71	3.96	4.39	5.08	10.05	9.33	9.17	9.11	9.83	9.79	10.22	10.54
Primary metals	2.65	2.44	3.16	.78	.66	.78	.93	.88	.91	.91	.79	3.14	2.88	2.72	2.68	2.88	2.92	3.14	3.12
Electrical machinery	2.15	1.82	2.24	.53	.28	.41	.60	.42	.50	.57	.74	2.04	1.80	1.69	1.61	1.85	1.82	1.81	1.87
Machinery except electrical	3.20	2.69	3.11	.87	.94	.84	.84	.83	.73	.79	1.08	.89	.70	.71	.76	.84	.84	.88	.98
Transportation equipment <sup>4</sup>	2.84	2.34	2.66	.65	.32	.80	.67	.56	.60	.72	.77	2.39	2.21	2.47	2.42	2.43	2.40	2.68	2.55
Stone, clay, and glass	.82	.94	1.40	.25	.17	.25	.27	.34	.40	.36	.36	.50	.48	.61	.54	.62	.74	.81	.80
Nondurable goods <sup>3</sup>	16.14	14.42	18.28	3.43	3.64	3.65	3.78	4.16	4.53	4.58	5.07	8.66	9.31	9.95	8.40	9.24	9.68	10.34	10.82
Food including beverage	2.60	2.40	3.13	.80	.70	.68	.61	.64	.68	.65	.80	1.06	1.04	1.06	1.00	1.05	1.13	1.26	1.43
Textile	.49	.71	.64	.18	.20	.18	.16	.18	.18	.18	.13	.25	.31	.33	.31	.29	.27	.27	.21
Paper	1.54	1.08	1.30	.91	.17	.32	.31	.34	.30	.29	.54	.89	.75	.76	.72	.70	.83	.84	.94
Chemical	3.86	3.24	3.99	.87	.83	.68	.88	.66	.87	1.00	1.01	2.80	2.86	2.42	2.33	2.54	2.58	2.85	2.84
Petroleum	8.84	8.14	8.15	1.26	1.28	1.28	1.38	1.80	1.40	1.61	1.79	3.78	3.82	3.28	3.00	3.40	3.44	3.76	3.90
Public utilities	17.29	22.29	28.99	7.13	4.28	4.38	5.45	8.18	5.04	8.29	9.19	27.34	27.51	28.11	28.27	28.68	28.61	27.42	41.87
Adjusted for seasonal variation																			
Manufacturing <sup>3</sup>				6.71	6.33	7.05	7.75	7.61	8.03	8.80	10.11	20.23	19.39	19.58	19.74	19.83	20.92	22.74	24.48
Durable goods <sup>3</sup>				3.85	2.91	3.00	4.05	3.47	4.20	4.80	5.21	10.79	10.17	10.32	10.72	10.42	11.71	12.70	13.70
Primary metals				.72	.69	.78	.90	.78	.73	.87	.94	3.45	3.20	3.11	3.25	3.38	3.49	3.68	3.82
Electrical machinery				.45	.28	.43	.64	.38	.50	.57	.68	1.97	1.73	1.67	1.65	1.85	1.82	1.88	1.88
Machinery except electrical				.90	.94	.88	.70	.86	.72	.80	.81	1.47	1.30	1.37	1.43	1.42	1.81	1.85	1.85
Transportation equipment <sup>4</sup>				.65	.32	.87	.72	.54	.61	.77	1.09	2.35	2.13	2.44	2.61	2.53	2.89	2.89	2.89
Stone, clay, and glass				.23	.18	.23	.26	.28	.40	.33	.42	.64	.64	.65	.62	.63	.83	.83	.83
Nondurable goods <sup>3</sup>				3.26	3.62	3.06	3.70	4.14	4.43	4.90	4.91	9.48	9.16	9.26	9.02	9.41	9.09	11.87	11.78
Food including beverage				.84	.63	.71	.62	.70	.61	.83	.80	1.18	1.10	1.19	1.14	1.23	1.29	1.50	1.65
Textile				.28	.18	.17	.17	.16	.15	.15	.14	.29	.34	.34	.33	.32	.28	.27	.24
Paper				.16	.15	.44	.38	.29	.43	.38	.82	.82	.77	.77	.77	.80	.83	1.83	1.85
Chemical				.78	.73	.77	1.00	.80	.82	1.18	1.17	2.68	2.63	2.45	2.67	2.60	2.82	2.82	2.81
Petroleum				1.28	1.34	1.42	1.14	1.41	1.88	1.63	1.46	3.83	3.48	3.41	3.10	3.35	3.44	4.03	4.13
Public utilities				5.18	4.76	5.85	6.54	8.32	5.72	7.19	8.30	24.69	24.89	25.38	31.49	31.68	36.25	38.19	47.16

1. Starts are estimated by adding changes in carryover to expenditures during the given period.

2. Carryover refers to expenditures yet to be incurred on plant and equipment projects already underway at end of period.

3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



cent from the first half, with a 4½ percent rise for durable goods firms and barely any change for nondurables. Among manufacturing industries, only the motor vehicle, stone-clay-glass, and chemical industries project a larger increase in capital spending in the second half of 1973 than in the first half.

The strength in manufacturing outlays in the latter part of last year and the first half of 1973 appears to reflect a variety of factors. The vigorous expansion of the economy has resulted in a rise in the rate of capacity utilization. (The Federal Reserve series on capacity utilization rose about 5-percentage points during 1972.) Investment was encouraged by the liberalized depreciation rules adopted in mid-1971 and the investment tax credit enacted near the end of that year. Data from industry sources and private surveys suggest that a substantial amount of spending by some industries—e.g., nonferrous metal and paper—is connected with pollution control requirements; the latter two industries project 1973 capital spending advances of 39 and 25 percent, respectively. The sharp increase in 1973 outlays by the rubber industry (38 percent) appears to be in large part a result of the expanding market for radial-ply automobile tires.

#### **Manufacturers' starts and carryover of investment projects and evaluation of capacity**

The value of new investment projects started by manufacturers rose 5 percent (seasonally adjusted) from the third quarter of 1972 to the fourth; starts had risen substantially in the preceding 2 quarters as well (table 5). Starts by durable goods producers increased 11 percent in the fourth quarter, but starts in nondurable goods manufacturing as a whole showed no change. Sizable gains in starts were reported by the transportation equipment, stone-clay-glass, and paper industries.

The value of new projects started by manufacturing companies exceeded their capital expenditures in the fourth quarter, resulting in an increase in carryover—the amounts still to be spent on plant and equipment projects already underway. Manufacturers' sea-

sonally adjusted carryover totaled \$24.5 billion at the end of December, up 7½ percent from September 30 and 24 percent from the end of 1971.

During the fourth quarter, manufacturers reported further tightening in the adequacy of their plant and equipment facilities, taking account of prospective sales over the next 12 months. Companies owning 40 percent of total fixed assets in manufacturing reported that their facilities as of December 31 were inadequate, compared with 37 percent as of September 30 and 33 percent at June 30 (table 6). The "more needed" percentage rose for both durable and nondurable goods industries, but the rise was more pronounced for nondurables.

Facilities viewed as about adequate declined to 55 percent of manufacturers' fixed assets as of December 31 from 57 percent at the end of September. Companies reporting facilities in excess of needs accounted for 5 percent of fixed assets at December 31, a small decline from September 30.

#### **Nonmanufacturing programs**

Nonmanufacturing industries reported capital expenditures at a seasonally adjusted annual rate of \$58.3 billion in the fourth quarter of 1972, a rise of 3 percent from the third quarter; this was substantially smaller than the 8½-percent gain reported by manufacturers. In the November survey, nonmanufacturing firms had projected a fourth quarter rise of 5 percent. The rate of spending by nonmanufacturing industries is expected to rise to \$60.8 billion in the first quarter of 1973 and \$63.0 billion in the second quarter; they project a further increase to a rate of \$65.2 billion for the final half of this year in contrast to the flattening of manufacturing outlays.

For the full year 1973, nonmanufacturing industries as a group project a spending increase of about 11½ percent, the same as last year's rise. Public utilities continue to project strong spending growth. They plan an increase of 16½ percent in 1973, to a total of \$19.8 billion, with gas companies expecting a slightly larger percentage gain than electric companies. During the period from 1963 to 1973, total outlays

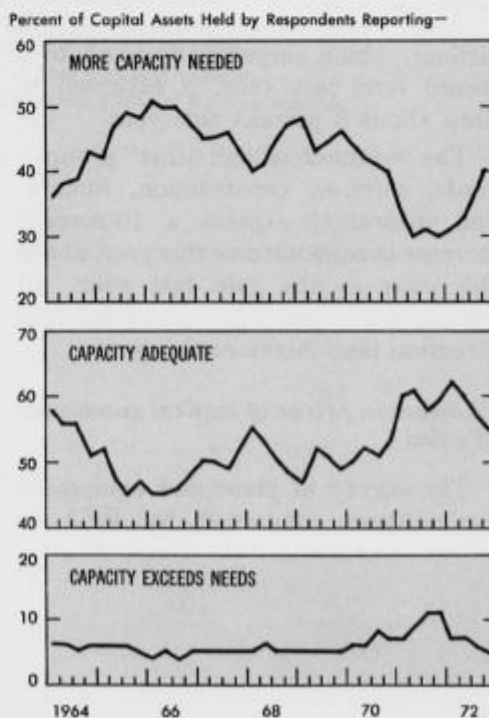
by electric companies have increased at a compound annual rate of 16½ percent, far exceeding the growth of any other major industry. According to *Electrical World* magazine, 58 percent of expected 1973 capital spending by electric utilities is scheduled for generating facilities compared with about 35 percent for this purpose 10 years ago. Starts of new projects by utilities in the fourth quarter of 1972 reached a record \$9.3 billion and the carryover of funds yet to be expended increased \$4.9 billion in the quarter to total \$43.1 billion at yearend.

Communications firms also expect a sizable expansion this year—13 percent, as compared with a 10½-percent increase last year.

Railroads expect to cut spending 7 percent in 1973 following a 7½-percent gain last year. The decline reflects lower expenditures for new equipment; investment in roadbed is scheduled to rise somewhat this year. Spending by

CHART 10

#### **Manufacturers' Evaluation of Existing Capacity\***



\* Relative to prospective operations during the ensuing 12-month period.

Table 6.—Manufacturers' Evaluation of Their Capacity

(Percent distribution of gross capital assets <sup>1</sup>)

	1971			1972			
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
<b>More plant and equipment needed:</b>							
All manufacturing.....	39	31	39	31	33	37	49
Durable goods <sup>2</sup> .....	25	24	24	25	28	24	35
Primary metals.....	19	19	19	21	25	25	29
Metal fabricators <sup>3</sup> .....	24	24	24	26	28	28	40
Nondurable goods <sup>3</sup> .....	25	26	26	26	37	40	43
Food including beverage.....	25	25	24	23	31	32	39
Chemical.....	42	46	45	40	45	46	45
Petroleum.....	38	38	30	49	40	40	44
<b>About adequate:</b>							
All manufacturing.....	61	68	59	62	59	57	55
Durable goods <sup>2</sup> .....	65	60	51	64	61	64	55
Primary metals.....	79	60	57	62	59	67	60
Metal fabricators <sup>3</sup> .....	63	63	64	65	64	57	64
Nondurable goods <sup>3</sup> .....	60	57	58	60	59	58	55
Food including beverage.....	58	56	57	57	69	65	69
Chemical.....	55	45	43	56	63	52	55
Petroleum.....	62	62	61	66	60	60	56
<b>Existing plant and equipment exceeds needs:</b>							
All manufacturing.....	9	11	11	7	7	6	5
Durable goods <sup>2</sup> .....	12	15	15	11	11	10	9
Primary metals.....	11	21	25	17	19	18	16
Metal fabricators <sup>3</sup> .....	13	13	11	9	8	7	6
Nondurable goods <sup>3</sup> .....	6	7	7	4	4	2	2
Food including beverage.....	12	9	9	10	11	9	9
Chemical.....	3	9	6	5	2	2	2
Petroleum.....	0	0	0	0	0	0	0

1. According to respondent companies' characterizations of their plant and equipment facilities, taking into account their current and prospective sales for the next 12 months.

2. Includes industries not shown separately.

3. Includes machinery, transportation equipment, and fabricated metals industries.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

airlines, which surged 31 percent to a record level last year, is expected to drop about 3 percent this year.

The "commercial and other" group—trade, services, construction, finance, and insurance—expects a 10-percent increase in expenditures this year, about the same as the gain last year. All component industry groups except construction plan increases this year.

### Changes in prices of capital goods and of sales

The survey of plant and equipment expenditures conducted by BEA in

late November and December of 1972 again included an inquiry on changes in prices of capital goods and of sales.<sup>2</sup> Results now available indicate that plant and equipment prices rose 5.7 percent in 1972; in the year-earlier survey, expectations were for a 5.1 percent rise in 1972 (table 7). Expectations reported for 1973 are for a rise in plant and equipment prices of 5.4 percent.

Manufacturers reported that their selling prices rose 2.3 percent in 1972, less than the 2.8-percent rise expected in the year-earlier survey (table 8).

Table 7.—Actual and Expected Changes in Prices of Capital Goods Purchased

(Percent change from prior year)

	Reported in Nov.-Dec. 1971 survey		Reported in Nov.-Dec. 1972 survey	
	Actual 1971	Expected 1972	Actual 1972	Expected 1973
All industries.....	5.6	5.1	5.7	5.4
Manufacturing.....	7.8	5.4	5.9	5.7
Durable goods.....	7.9	5.2	5.7	5.6
Nondurable goods.....	7.1	5.4	6.1	5.8
Nonmanufacturing.....	6.4	4.9	5.5	5.3
Mining.....	6.7	4.4	5.2	5.3
Transportation.....	6.1	5.8	6.7	5.4
Public utilities, communication, commercial, and other.....	6.5	4.9	5.4	5.4
	6.6	4.9	5.7	5.3

Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 8.—Estimated Changes in Prices of Products and Services Sold by Manufacturing and Utility Companies

(Percent change from prior year)

	Reported in Nov.-Dec. 1971 survey		Reported in Nov.-Dec. 1972 survey	
	Actual 1971	Expected 1972	Actual 1972	Expected 1973
Manufacturing.....	3.6	2.5	2.3	2.3
Durable goods.....	3.3	2.0	2.3	2.3
Nondurable goods.....	2.3	2.6	2.2	2.2
Public utilities.....	5.7	5.8	5.7	4.5

Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

Selling prices in 1973 are estimated to rise about 2.3 percent. Public utilities expect rates to rise 4.5 percent in 1973 compared with a 5.7-percent increase reported for 1972.

2. The inquiry on price changes was initially added to the November-December capital expenditure survey in 1970. In the 1972 survey, firms were asked the following:

"Please indicate your best estimates of average price changes from 1971 to 1972 and expected price changes from 1972 to 1973:

a. Prices paid by your company for new construction, machinery, and equipment.

b. Prices of goods and/or services sold by your company."

Similar information was obtained in the surveys conducted in 1970 and 1971. The firms' responses on capital goods and sales price changes were weighted by their reported capital expenditures and sales, respectively. Because only 3 years of expectations data are available, the predictive ability of the data has not been established.

Table 9.—Expenditures for New Plant and Equipment by U.S. Business,<sup>1</sup> 1971-73

(Billions of dollars)

	Annual			Quarterly, unadjusted												Quarterly, seasonally adjusted annual rates											
	1971	1972	1973 <sup>1</sup>	1971				1972				1973				1971				1972				1973			
				I	II	III	IV	I	II	III	IV	I	II	III	2d half <sup>2</sup>	I	II	III	IV	I	II	III	IV	I	II	III	2d half <sup>2</sup>
All industries.....	85.21	88.44	100.62	17.68	20.46	20.14	22.79	19.38	22.81	21.88	25.20	21.58	25.27	53.79	72.32	82.61	86.75	83.18	88.79	87.12	87.67	91.91	96.74	100.13	102.63		
Manufacturing industries.....	59.99	61.25	67.41	6.69	7.55	7.33	8.44	6.61	7.83	7.74	9.38	7.90	9.30	19.78	30.48	30.12	29.19	30.35	30.09	30.37	30.89	33.64	35.96	37.13	37.43		
Durable goods.....	14.18	15.64	18.78	3.11	3.52	3.40	4.12	3.29	3.71	3.60	4.77	3.81	4.69	10.20	14.21	14.08	13.76	14.61	14.60	14.77	15.47	16.65	17.85	18.79	19.07		
Primary metals <sup>3</sup> .....	2.78	2.79	3.41	.65	.72	.65	.78	.61	.85	.80	.80	.73	.87	1.81	3.09	2.91	2.89	2.88	2.82	2.83	2.78	2.78	3.27	3.56	3.36		
Blat furnaces, steel works.....	1.37	1.24	1.89	.33	.33	.32	.40	.25	.31	.31	.37	.28	.35	.78	1.00	1.39	1.29	1.36	1.24	1.25	1.23	1.26	1.35	1.40	1.38		
Nonferrous.....	1.08	1.18	1.64	.24	.29	.28	.38	.28	.25	.30	.35	.35	.42	.67	1.08	1.22	1.01	1.01	1.27	1.05	1.20	1.22	1.60	1.74	1.63		
Electrical machinery.....	2.14	2.30	2.75	.43	.53	.52	.58	.45	.58	.59	.60	.57	.60	1.50	1.84	2.13	2.17	2.26	2.14	2.25	2.41	2.65	2.70	2.81	2.78		
Machinery, except electrical.....	2.80	2.90	3.28	.65	.78	.63	.80	.58	.69	.72	.90	.68	.80	1.72	2.88	2.90	2.58	2.85	2.68	2.73	2.90	3.30	3.52	3.80	3.30		
Transportation equipment <sup>4</sup> .....	2.13	2.53	3.06	.47	.56	.54	.62	.58	.63	.63	.72	.64	.77	1.56	2.15	1.97	2.05	2.38	2.48	2.46	2.46	2.78	2.87	3.06	2.93		
Motor vehicles.....	1.81	1.83	2.18	.33	.34	.33	.48	.39	.46	.46	.63	.44	.64	1.20	1.48	1.33	1.44	1.82	1.77	1.70	1.72	2.08	1.93	2.12	2.33		
Aircraft <sup>5</sup> .....	.88	.43	.58	.06	.09	.10	.10	.09	.10	.11	.12	.13	.15	.24	.44	.37	.36	.35	.45	.43	.42	.42	.89	.61	.48		
Stons, clay, and glass.....	.85	1.28	1.87	.20	.19	.21	.25	.25	.28	.29	.38	.30	.34	.72	.87	.75	.60	.63	1.12	1.00	1.22	1.38	1.30	1.84	1.42		
Other durables <sup>6</sup> .....	3.45	3.87	4.04	.72	.88	.80	1.02	.84	.91	.94	1.17	1.00	1.19	2.78	3.20	3.43	3.59	3.66	3.90	3.89	4.10	4.63	4.78	5.19			
Non-durable goods.....	14.64	15.72	18.31	3.58	4.03	3.91	4.38	3.53	3.96	3.87	4.61	3.99	4.64	9.69	18.25	18.05	16.43	15.74	16.03	15.60	15.28	16.79	18.10	18.42	18.36		
Food including beverages.....	2.60	2.65	3.08	.60	.74	.66	.68	.68	.63	.70	.60	.60	.68	1.82	2.78	2.84	2.82	2.85	2.48	2.42	2.73	2.89	2.81	3.24	2.95		
Textile.....	.81	.72	.68	.12	.16	.16	.18	.10	.17	.18	.16	.19	.19	.24	.65	.65	.68	.61	.63	.63	.60	.70	.73	.73	.73		
Paper.....	1.25	1.32	1.73	.30	.30	.31	.35	.27	.30	.32	.49	.38	.41	.94	1.34	1.19	1.20	1.20	1.27	1.30	1.27	1.48	1.80	1.89	1.80		
Chemical.....	3.44	3.49	4.15	.78	.88	.81	.96	.74	.85	.83	1.09	.88	1.07	2.29	3.43	3.40	3.30	3.53	3.29	3.30	3.38	3.78	3.72	4.15	4.35		
Petroleum.....	5.88	5.25	5.70	1.31	1.48	1.51	1.67	1.66	1.74	1.78	1.86	1.72	1.48	3.11	4.00	4.07	4.02	4.48	4.99	5.64	4.08	5.43	6.04	5.79	6.73		
Rubber.....	.84	1.06	1.40	.19	.19	.20	.21	.24	.28	.35	.38	.37	.77	.80	.78	.82	.74	.85	.97	1.11	1.29	1.58	1.45	1.47			
Other non-durables <sup>7</sup> .....	1.18	1.27	1.45	.26	.30	.28	.32	.27	.31	.33	.38	.34	.58	.75	1.20	1.19	.99	1.20	1.27	1.21	1.28	1.59	1.57	1.46	1.41		
Nonmanufacturing industries.....	61.22	67.89	82.61	10.69	12.84	12.83	14.35	12.77	14.98	14.12	16.33	13.88	16.94	34.91	48.84	51.69	51.54	52.82	54.70	56.75	58.70	62.30	65.78	62.00	65.20		
Mining.....	3.16	2.43	2.84	.48	.54	.55	.50	.58	.61	.59	.63	.51	.67	1.34	2.04	2.08	2.23	2.30	2.42	2.38	2.40	2.46	2.54	2.62	2.69		
Railroad.....	1.67	1.50	1.68	.34	.47	.42	.48	.48	.48	.38	.47	.45	.45	.77	1.45	1.88	1.72	1.84	2.10	1.89	1.80	1.71	2.06	1.79	1.45		
Air transportation.....	1.68	2.48	2.36	.34	.60	.30	.58	.68	.73	.61	.63	.54	.74	1.18	1.20	2.28	1.89	2.20	1.88	2.89	2.87	2.88	2.12	2.04	2.22		
Other transportation.....	1.28	1.48	1.52	.28	.86	.37	.37	.82	.30	.35	.40	.36	.43	.79	1.32	1.40	1.46	1.33	1.48	1.59	1.43	1.42	1.83	1.70	1.33		
Public utilities.....	15.30	17.04	18.82	3.11	3.83	4.07	4.29	3.03	4.24	4.39	4.74	3.83	4.74	11.19	14.84	14.01	15.87	15.74	16.02	16.60	17.91	17.53	18.38	18.80	21.08		
Electric.....	12.80	14.48	16.87	2.70	3.20	3.35	3.80	3.10	3.81	3.87	4.01	3.46	4.02	9.46	12.15	12.01	13.58	13.01	14.27	14.32	14.82	14.67	15.43	16.05	17.94		
Gas and other.....	2.49	2.56	2.05	.41	.63	.71	.49	.44	.62	.72	.78	.49	.72	1.73	2.48	2.39	2.30	2.74	2.05	2.27	2.39	2.64	2.95	3.01	3.14		
Communication.....	10.77	11.89	13.40	2.50	2.81	2.82	2.85	2.72	2.95	2.84	3.30				10.79	11.21	10.78	10.44	11.71	11.50	11.58	12.63					
Commercial and other <sup>8</sup> .....	19.83	20.07	22.10	3.84	4.44	4.42	5.38	4.58	4.98	4.97	6.57	7.77	8.80	18.91	17.29	17.72	17.65	19.10	19.10	19.99	20.10	20.21	23.99	26.98	26.30		

1. Excludes agricultural business; real estate operators; medical, legal, educational, and cultural services; and nonprofit organizations.

2. Estimates are based on expected capital expenditures reported by business in late January and February 1973. The estimates for the first quarter, second quarter, and second half of 1973 have been corrected for systematic biases. The adjustment procedures are described in the February 1970 issue of the Survey of Current Business. Before such adjustments, 1973 expenditures were expected to be \$100.13 billion for all industries, \$38.67 billion for manufacturing, and \$61.47 billion for nonmanufacturing.

3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.

5. Includes fabricated metal, lumber, furniture, instrument, ordnance, and miscellaneous except guided missiles and space vehicles.

6. Includes apparel, tobacco, leather, and printing-publishing.

7. Includes trade, service, construction, finance, and insurance.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.